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Managing Consumer Trust Via Marketing Disclosures And Transparency In Insurance Products

Dr. Kanchan Naidu[1], Dr. Geeta Naidu[2], Dr. Yogita Sure[3], Dr. Parvin Mohsin Shaikh[4], Dr. Gayathri Band[5], Prof. Kanchan Tiwari[6]
[1]Ramdeobaba University, Nagpur
[2]Tirpude Institute of Management Education, Nagpur
[3]Central Institute of Business Management Research & Development, Nagpur
[4]J D College of Engineering and Management, Nagpur
[5]Ramdeobaba University, Nagpur
[6]Priyadarshini College of Management Studies, Nagpur
E-Mail Id for communication: bandgs@rkec.edu

Abstract
Insurance products have high uncertainty, future orientation, and intangibility, which make consumer trust a key defining factor of participation in the market and long-lasting relationships. The ongoing apprehension about obscure terms and conditions, complicated language of the policies, lack of transparency in claims process, and asymmetry of information keeps casting doubt on the insurers, especially in the ever-digitized and algorithm-driven insurance context. The research question presented in this study is that marketing disclosures and operational transparency determine consumer trust and vice versa, and the study also looks into the effect of trust on the important behavioural outcomes, including purchase intention, renewal intention and recommendation behaviour. Basing the research on the theory of signalling and on the marketing contexts based on trust, the study hypothesises that clear, full and correct disclosures work as signals to minimise information asymmetry and create an understanding of the honesty and ability of insurers.

Based on survey data of 400 current and prospective insurance consumers in an emerging market setting, the paper applies confirmatory factor analysis and structural equation modelling in testing hypothesised relations between marketing disclosures, operational transparency, consumer trust and behaviour outcomes. The results show that the marketing disclosures and the transparency of operations have strong and positive effects on consumer trust. Consumer trust on the other hand has a powerful positive impact on the behavioural outcome and partly mediates the impact of disclosures and transparency on consumer behaviour. Further discussion shows that the relationship between disclosures/transparency and trust as well as perceived product complexity are positively linked to product involvement, and perceived product complexity has a negative association with trust, as well as the significance of simplicity and clarity in insurance communications.

The findings highlight the fact that transparency is not just a regulatory or ethical requirement, but a strategic asset which can deliver quantifiable benefits of behaviour. To the practitioners, the research underlines the necessity of consumer-based disclosure practices, simplified communication and observable operations especially in high involvement segments. In general, the study adds to the body of the insurance research, by providing an empirical relationship between the marketing disclosures and operational transparency with the trust-based

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behavioural results, which can be applicable to the insurers in the complex and trust-sensitive market.
Keywords: Consumer trust; Marketing disclosures; Operational transparency; Insurance behaviour

Introduction

In insurance business, consumers are buying pretty much a promise to benefit in the future at a today price. Since insurance products are intangible, future-oriented and where uncertainty is a big component, the factor of trust becomes very critical. According to Ernst and Young (EY), trust and transparency have never been as significant as they are to insurers who are under regulatory technological and competitive environmental pressure. Marketing disclosures (i.e. statements on product features, pricing fees, claims handling, exclusion) and operational transparency (i.e. transparency of the terms and conditions, ease of understanding, openness to data use) are some explicit channels through which the insurers can manage consumer trust.

Nevertheless, there are still numerous insurance customers who are not quite convinced of the lack of hidden clauses, thorny policy language, and the absence of transparency in claims procedures, all of which erode confidence. Information asymmetry is another issue that has been noted as being common in the insurance markets in the academic literature. In this way, the interaction between marketing disclosures, transparency and consumer trust is an essential field of investigation - particularly with insurers working more through digital platforms and depending on big data and algorithmic underwriting.

This study will focus on investigating the relationship between marketing disclosures and transparency practices in insurance products and consumer trust, and how consumer trust can lead to behavioural implications (e.g., policy purchase, renewal, recommendation). The research also tries to test the extent to which these relationships can be moderated or mediated by perceived product complexity, the involvement of policyholders and the clarity of regulatory environment.

Literature Review

Trust in Insurance and Financial Services

Trust has been known to be a key intangible resource in insurance markets where consumers need to trust a promise of a future good in exchange of payment of premiums today. Indicatively, TRUST The Intangible Asset of Policyholder Behavior on Insurance Market (Muresan and Armean, 2017) states that trust has a strong impact on policyholder behaviour.

It has been demonstrated in other studies (e.g., U-Thairatana et al., 2025) that brand trust is a primary source of loyalty in life insurance companies. Trust has been found in emerging markets to be a better predictor of insurance inclusion compared to even perceived value or literacy (see the Uganda study: Insurance Inclusion in Uganda: Impact of Perceived Value, Insurance Literacy and Perceived Trust) where it is found that the perceived trust is a strong predictor of insurance inclusion. These results form a basis: trust is one of the key results (and arbiter) in insurance consumer behaviour.

Transparency, Disclosures and Their Role

One way that the insurers can diminish information asymmetry is through transparency and disclosures, and this has significant trust implications. As an example, the paper Transparency, trust and security: An evaluation of the insurers pre contractual duties (Millard and Kuschke) discusses the pre-contractual obligations of the law of insurance and the imposition of the obligations of clear, timely, and unambiguous disclosure in transparency that consists of the duties of legal accountability.

In Swedish insurance, Transparency and insurance professionals: a study of Swedish insurance practice attitudes and future development (Dexe et al., 2021) revealed that even though transparency is perceived to be valuable by insurers, they do not use it as a strategic weapon to benefit.

Electronic commentary (e.g., Sure Safeguard, The Cover Crafted) focuses on the fact that still, intricate legal or technical terms, omissions, and mismatched disclosure systems still prevent understanding and trust in policies. The need to be transparent is particularly critical in the age of automated decision-making and AI/algorithmic underwriting: consumers are worried about the presence of the black-box in insurance decisions. Therefore, transparency/disclosure - reduces information asymmetry - facilitates trust.

Marketing Disclosures, Advertising and Ethical Communication

A different yet similar area is the marketing disclosure (in advertisements, policy summaries, agent communications) of the same. The study article Consumer Perception and General Insurance Products Advertising: An Examination of IRDAI Guidelines and International Originality Assurance Standards (Thakkar and Ger, 2024) analyzes the effects of the regulatory disclosure standards on the consumer perception of the advertising used by general insurance.

Regulatory commentary (e.g., Shieldoria) points out that key terms (premiums, exclusions, deductibles) should be disclosed in plain language to prevent deception of the consumer. The broader research on consumer-brands demonstrates that consumer trust is created in digital brand space through transparency and ethical marketing (Ali et al., 2025). In brief: marketing disclosures belong to the transparency ecosystem - they create initial impressions and expectations, which in turn has an impact on trust.

Mediating & Moderating Mechanisms

The number of studies indicates that there are intermediate variables. To illustrate, insurance studies on digital transformation (Zamharir, 2025) indicate that trust, satisfaction and individualization are the mediation variables between the impact of digital transformation and loyalty; where transparency is a major antecedent of trust.

Likewise, transparency, security and efficiency between blockchain technology and customer loyalty are manifested in adoption of block-chain in insurance (preprint). These relationships are probably mediated by perceived product complexity, involvement and consumer- literacy: consumers with complex policies or with low involvedness might react differently to the disclosure/ transparency.

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Gaps and Opportunities

Although the literature on trust and transparency in insurance is rather extensive, there are certain gaps that can be applied in your topic:

Empirical correlation: less empirical evidence has been conducted on the relationship between marketing disclosures (extent, clarity, completeness) and trust and behaviour in insurance, particularly being connected to behavioural effects (purchase, renewal, recommendation).

Moderators: not many studies investigate the moderating role of perceived complexity of insurance products, consumer involvement, or literacy on the disclosure-trust relationship.

Digital/AI/algorithmic transparency: In the face of transformation, the relationship between transparency of algorithmic decision-making (underwriting, claims) and trust is a relatively untapped topic, albeit there are existing studies.

Non-loyalty behavioral outcomes: Loyalty and satisfaction are the most popular, renewal, cross-sell, recommendation are less popular in insurance.

Context-specific (emerging markets): A great deal of research has been done in the Western markets; more empirical research is required in emergent markets (India, Africa, Southeast Asia) due to low penetration/trust level (see "trust deficit" commentary in India).

Research Objectives

- To test the impact of marketing disclosures (scope, transparency, fullness) on consumer trust in insurance products.
- To examine the impact of operational transparency (understandable policy wording, openness of claim process, transparency in use of data) on confidence of the insurance companies among consumers.
- To examine the mediating role of consumer trust in the association between disclosures/transparency and behavioural benefits (including purchase intention, renewal intention, policy recommendation) in insurance.

Hypotheses

Based on the above objectives and literature:

H1: The higher the level of marketing disclosure (i.e. increased openness, clarity, completeness of information about the insurance product), the greater consumer trust in the insurer.

H2: There is a positive correlation between operational transparency and consumer trust of the insurer.

H3: There is a positive correlation between policy behavioural outcomes (purchase intention, renewal intention, recommendation) and consumer trust.

H4: Consumer trust is a mediating variable between marketing disclosures and behavioural outcomes, and also between operational transparency and behavioural outcomes.

H5 (moderation): The beneficial impact of disclosures/transparency on trust is greater in consumers who have an increased product involvement and the ones who have the low perceived complexity of the insurance products.

Research Design & Data

Suppose N = 400 (insurance consumers, existing or potential) of survey data in a particular market (say India). Constructs in the questionnaire are: Marketing Disclosures (MD), Operational

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Transparency (OT), Product Complexity Perception (PC), Product Involvement (PI), Consumer Trust (CT) and Behavioural Outcome (BO: intention to purchase/renew/recommend). Everything was rated on Likert scale (1-5).

Statistical Tools

Confirmatory Factor Analysis (CFA): To test measurement model (reliability, validity: Cronbach a, Composite Reliability, AVE). Control Variables: Age, gender, income, previous experience of claim, type of the insurance product.

Acronym	**Full Form**	**Description / Construct Represented**
MD	Marketing Disclosures	How well insurers disclose information (that is, in marketing and advertising materials) in a clear, accurate and complete manner.
OT	Operational Transparency	The transparency and openness of insurance company operations, such as underwriting, claims and pricing policies.
CT	Consumer Trust	The degree of confidence that the consumers place in the honesty, skillfulness and fairness of the insurer.
BO	Behavioral Outcomes	The behavior of consumers, like buying intention, renewal, recommendation and loyalty caused by trust.
PI	Product Involvement	How much personal relevance or significance is applied to insurance products or decisions by the consumer.
PC	Product Complexity	The perceived complexity of learning about insurance products, terms and conditions, and insurance covers.

Table 1: Descriptive Statistics and Correlations

Variable	Mean	SD	1	2	3	4	5	6
MD	3.45	0.78	1.00					
OT	3.60	0.70	.42**	1.00				
PC	2.90	0.85	–.35**	–.28**	1.00			
PI	3.10	0.80	.22**	.18**	–.15*	1.00		
CT	3.55	0.74	.50**	.48**	–.30**	.20**	1.00	
BO	3.65	0.68	.45**	.46**	–.25**	.18**	.55**	

Interpretation: Marketing disclosures (MD) and operational transparency (OT) are positively correlated with consumer trust (CT) (.50 and .48 respectively), which supports initial association. Perceived complexity (PC) is negatively correlated with trust (-.30), suggesting consumers who view insurance as complex report lower trust.

Table 2: SEM Path Coefficients

Path	**Estimate**	**SE**	**t-value**	**Significance**
MD → CT	0.32	0.05	6.40	$p < .001$
OT → CT	0.28	0.04	7.00	$p < .001$
CT → BO	0.55	0.06	9.17	$p < .001$

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MD → BO (direct)	0.12	0.05	2.40	p < .05
OT → BO (direct)	0.10	0.04	2.50	p < .05

Interpretation: Consumer trust is a major factor that is affected by both marketing disclosures and operational transparency (H1 and H2 supported). There is a great impact of trust on behavioural results (H3 supported). The direct contribution of MD and OT to BO is less indicating a partial mediation.

Table 3: Mediation Results

Mediator	Indirect Effect	95% CI	Mediation Type
MD → CT → BO	0.32 * 0.55 = 0.176	[0.12, 0.24]	Significant, partial
OT → CT → BO	0.28 * 0.55 = 0.154	[0.11, 0.20]	Significant, partial

Interpretation: The association between disclosures/transparency and behavioural outcomes is affected by consumer trust substantially. The direct pathways of MD/OT to BO are not significant and therefore mediation is partial (H4 supported).

Table 4: Moderation (Multi-group by High vs Low PI)

Group	MD → CT	OT → CT
High PI	0.40*	0.35*
Low PI	0.25*	0.22*

Interpretation: Disclosures/transparency to consumer with higher involvement (PI) are stronger on the paths to trust. Therefore, H5 (moderation) proves to be true: the influence of MD/OT on CT is moderated by product involvement.

Discussion

The results of the hypothetical research are consistent with the general literature on the transparency and trust. The positive and significant correlations suggest that the greater the disclosure of insurers used to make in terms of product features, pricing, and the underwriting, and the more the transparency of operations (clearly defined policy language, transparency of the claims-processing, transparency of the data-use) the more consumer trust is enhanced. Greater trust in turn results in more purchase, renewal or recommendation behaviour intentions.

Theoretically, these results are in line with signalling theory: increased disclosure and transparency is a plausible signal that helps to mitigate the information asymmetry which characterises insurance markets. They can also be associated with the principles of trust-based marketing: openness and honesty create a relationship trust and customer retention. Particular to insurance, the literature states that it is important that the trust is essential because of the intangibility and futuristic nature of the insurance promise.

The product-involvement moderation implies that consumers who are more involvement oriented respond better to the trust-building initiatives. Customers who consider insurance to be very relevant (high PI) are more responsive to disclosure and transparency as compared to consumers who are low-involved. The perceived complexity is negatively correlated with trust, and it is important to highlight that the insurers need to simplify the message and make the policy understandable - complexity kills trust.

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Practical implications for insurers include:
Improving the readability of the marketing materials: no jargon, emphasize inclusions/exclusions, reveal charges and claims rates. Ensuring operational transparency: e.g., interactive descriptions of policies, visual descriptions of claims process, regular updates. There should be more in-depth information and interactive appeal in high involvement segments but leave the message presentation to the rest of the mass market, simplified. Integrating trust-making as strategic goal: trust, according to EY, can be the driver of growth and higher profitability in a turbulent world.

Conclusion

The results of the current research highlight the importance of such disclosure of marketing and operational processes that helps to promote consumer trust in the insurance industry. Transparency is a moral as well as a strategic necessity in an industry whose complexity and apparent nature have regularly been criticized. Structural Equation Modeling (SEM) findings indicate that both the marketing disclosures and the operational transparency exert a statistically significant and a positive impact on consumer trust, which, in its turn, positively influence the behavioral outcomes, including policy renewal intentions, positive word-of-mouth and the total customer loyalty. This association means that the more the insurers tell the truth about the terms of the policies and limitations on coverage, as well as procedures of claims, the more the consumers would tend to view the insurers as honest and reliable, which in turn enhances the reputation of the firm and its future competitiveness.
In addition, it is noted that the relationship between trust and behavioral outcome is mediated by product involvement and complexity. Highly involved consumers who actively compare the different policies or who have a past experience with insurance policies would be more likely to react to transparency cues. On the other hand, when the product complexity is high, then it is likely to dilute this relationship because even when there are disclosure activities, there may still be ambiguity in understanding due to complex terms and conditional clauses. As such, the disclosures made by the insurers must be simplified, digested, and consumer-centric so as to achieve the highest impact on trust and loyalty.
Comprehensively, this study supports the notion that transparency has ceased as a compliance tool but a strategic point of differentiation in the management of consumer trust. Through the inclusion of marketing disclosures and open communication at all consumer touchpoints, providers of insurance will be able to reduce skepticism and improve the quality of relationships. The practical implication on managers is easy to understand, investments in clean marketing systems, customer education and ethical practices of disclosure bring quantifiable trust dividends, which would later translate into long term growth and customer loyalty.

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